

Destination
British Columbia™

**2015/16 – 2017/18
SERVICE PLAN**



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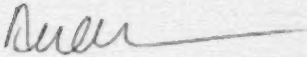
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Accountability Statement

The 2015/16—2017/18 Destination BC service plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks, as of January 21, 2015 have been considered in preparing the plan. The performance measures presented are consistent with Destination BC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Destination BC's operating environment, forecast conditions, risk assessment and past performance and in consultation with the provincial government.



Andrea Shaw

Chair, Board of Directors

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Strategic Direction and Context

Strategic Direction

Tourism is a critical sector within BC's economy. In 2013, the tourism industry generated \$13.9 billion in revenue, an increase of 3.6 per cent from 2012 and a 44 per cent increase since 2003. In addition, tourism contributed \$7.3 billion to provincial GDP and employed over 132,000 people. The tourism industry also generates social and cultural benefits for all British Columbians. For more information on the performance of the tourism industry and data sources please see the [Industry Performance](#) section of Destination BC's corporate website.

The tourism sector is comprised of thousands of businesses hosting millions of consumers, some of whom only visit once while others visit many times. Destination BC plays a critical role in maximizing long term industry growth by providing a unifying and consistent brand and marketing strategy for the tourism sector that motivates travellers from around the world to visit and encourages British Columbia's residents to travel within their province, and by providing leadership and direction for the expansion and strengthening of British Columbia's tourism products and experiences. Coordination and collaboration between Destination BC, all levels of government, and the tourism industry, is needed to fully realize the potential of the tourism industry in BC.

In September 2011, the provincial government released *Canada Starts Here: the BC Jobs Plan*, which identified eight sectors, including tourism, where BC has a unique competitive advantage. On October 25, 2011, Premier Christy Clark introduced a specific strategy for tourism called [Gaining the Edge, a Five-year Strategy for Tourism in British Columbia 2012-2016](#). The launch of Destination BC on April 1, 2013 was a key commitment of *Gaining the Edge* and Destination BC was directed to develop its first marketing strategy, among other deliverables. The new [corporate and marketing strategy](#) and the revitalized *Super, Natural British Columbia®* brand were launched on November 4, 2014. The strategy aligns with Destination BC's mandate, articulated in the [Destination BC Corp Act](#), and the organization's [2015/16 Mandate Letter](#).

Provincial public sector organizations in BC, including Destination BC, operate under the government's new [Taxpayer Accountability Principles](#) which strengthen accountability, promote cost control and ensure the organizations operate in the best interest of taxpayers.

Operating Environment

In 2014/15 Destination BC made organizational changes in order to better focus resources on its core mandate. In 2015/16 Destination BC will continue to review its activities to ensure that taxpayers' dollars are spent as cost effectively and efficiently as possible in achieving the corporation's mandate.

Over the long run, the growth of the tourism industry is the key indicator of the success of the province's tourism strategy and Destination BC. However, year to year, many factors may affect the tourism industry's performance. In 2015/16 these factors may include the impact of the depreciation of the Canadian dollar against the US dollar, the dramatic fall in the price of oil, and the slowing growth of the Chinese economy, as well as any unanticipated disruptions in traveller access to BC and weather events that may occur. Destination BC tracks these factors continuously and adjusts its marketing strategy to capitalize on opportunities and manage risks as they occur.

Performance Plan

Goals, Strategies, Measures and Targets

This Service Plan outlines Destination BC's goals for the 2015/16 to 2017/18 fiscal years, and the strategies to achieve them. The goals, objectives, strategies, measures and targets are reflective of Destination BC's 2015/16 **Mandate Letter**, *Gaining the Edge* and the **Taxpayer Accountability Principles**, as well as the recommendations of Destination BC's Tourism Marketing Committee, which provides advice to the Board of Directors on marketing matters. More details on the goals, objectives and strategies can be found in Destination BC's corporate strategy.

The Corporation's goals and strategies are designed to support the industry to generate economic and social benefits for all British Columbians and are derived from the three pillars of Destination BC's corporate strategy:

1. Create a **Magnetic Brand**: A solid brand is the fundamental building block of all marketing communications by Destination BC and its tourism industry partners, which create awareness and interest in British Columbia as a tourism destination. A magnetic brand will also drive improved alignment of provincial, regional, community and sector marketing activities which will enhance Destination BC's marketing capacity and effectiveness.
2. Foster **Remarkable Experiences**: Destination BC assists tourism businesses and communities to provide remarkable experiences to their visitors. Visitors who have remarkable experiences in British Columbia will return for future visits and recommend BC through their social networks, becoming effective advocates and marketers for the province, driving sector growth and creating new jobs and businesses.
3. Enable a **Powerful Marketing¹ Network**: By driving strategic alignment of the over 100 tourism organizations and 19,000 tourism businesses in British Columbia, the wealth of skills, knowledge and resources of the industry will come together and collectively achieve much more working as a collaborative network than in isolation. Strategic alignment will be driven by creating a shared vision through a provincial destination development framework and regional destination development plans, a brand platform and tools available to all partners, shared research and consumer insights and data management and analysis platforms, as well as a variety of other means.

¹ The term "marketing" is used in the broad sense, including destination and product development as well as distribution and advertising and promotion.

DESTINATION BC'S SERVICE PLAN GOALS:

Goal 1: Lead Canada in growth of overnight visitor expenditures: assist industry to increase revenue by attracting more visitors.

STRATEGIES	PERFORMANCE MEASURE	2013/14 ACTUAL	2014/15 FORECAST	2015/16 TARGET	2016/17 TARGET	2017/18 TARGET
Inspire travel to BC by amplifying and strengthening BC's world-wide reputation.	Serious intent to visit BC from key North American markets.	N/A	34.0%	35.0%	36.0%	37.0%
	BC's share of those with serious intent to visit Canada from key overseas markets.	32.8%	33.0%	33.2%	33.4%	33.6%
	Travel trade operators' evaluation of Destination BC.	8.5 (out of 10)	Improve	Improve	Improve	Improve
Engage with travellers online to increase brand engagement and advocacy.	Size of Destination BC's global social media community of brand advocates.	308,900	415,000	455,000	500,000	550,000
Deploy media relations, travel trade and consumer direct marketing activities to connect consumers to travel information and products through the channel of their choice.	Number of visits to Destination BC consumer websites.	8.5 Million	9.3 M	9.8 M	9.9 M ⁽¹⁾	10.9 M

1. Planned redesign of HelloBC.com will have a short-term impact on visits to the site.

Data Sources: Destination BC, Canadian Tourism Commission and Corporate Stakeholder Survey (conducted by independent 3rd party firm).

Discussion

To attract more visitors and contribute to the province's goal of increasing tourism revenue, Destination BC works to increase potential visitors' awareness, interest and sense of urgency to visit British Columbia and then facilitates purchase by connecting visitors directly, or through third parties, to BC's tourism products and services. Serious intent to visit British Columbia and the size of Destination BC's community of brand advocates are measures of awareness, interest and urgency. The number of visitors to Destination BC's consumer websites, including HelloBC.com and all the international language websites, is a measure of the success of marketing activities designed to move consumers down the path to purchasing a trip to, and throughout, British Columbia. Providing online content, which provides both inspiration and information, is crucial to enabling potential tourists to make plans to visit the province. The websites are designed to make it easy for consumers to explore

BC's many tourism products and services, connect with tourism businesses and, finally, to make the decision to visit. The websites reflect the full range of tourism opportunities across BC, helping to ensure that communities across the province benefit from increased visitation and the benefits tourism can bring.

Goal 2: Remarkable Guest Experiences: assist industry to deliver a world-class guest experience and secure the highest Net Promoter Score®⁽¹⁾ in North America for British Columbia.

STRATEGIES	PERFORMANCE MEASURE	2013/14 ACTUAL	2014/15 FORECAST	2015/16 TARGET	2016/17 TARGET	2017/18 TARGET
Improve the guest experience through integrated visitor information services.	Visitor Centre Network satisfaction with programs and services.	97% good, very good or excellent	Maintain or improve	Maintain or improve	Maintain or improve	Maintain or improve
	Visitor satisfaction with visitor information services.	N/A	N/A	Establish baseline	Maintain or improve	Maintain or improve
Assist tourism businesses to meet and exceed guest needs and expectations.	Net Promoter Score of visitors to British Columbia.	62.7 (max 100)	Improve by 0.5 pts	Improve by 0.5 pts	Improve by 0.5 pts	Improve by 0.5 pts
	WorldHost program participants. ⁽²⁾	13,348	14,500 ⁽³⁾	13,000 ⁽⁴⁾	13,500	14,000
	Net Promoter Score of participants in Remarkable Experiences Program.	N/A	N/A	Establish baseline	Maintain or improve	Maintain or improve

1. The Net Promoter Score® measures the likelihood of visitors to recommend BC to their friends or family. [See here](#) for more information.

2. WorldHost offers a suite of courses that improve customer service. [See here](#) for more information.

3. One time increase due to 2015 Canada Winter Games training.

4. The decrease from the previous two years is due to one-time events and shift to a strategic focus exclusively on the tourism sector.

Data Sources: Destination BC and 3rd party independent research firm.

Discussion

The delivery of outstanding experiences for guests from anywhere in the world, including BC residents travelling within the province, is critical to achieving higher revenues via increased

spending, longer stays, repeat visits and visitors' recommendations through their social networks. In 2015/16 Destination BC will launch a new program to foster remarkable experiences. The program will provide tools, education and training programs to assist individual businesses and communities to improve their visitor experience and enhance their digital marketing expertise. Remarkable Experiences will start with a range of pilot projects to test, learn, and refine the program. The program will then be expanded to make it accessible to more businesses and communities over the next three years. In addition, Destination BC will work with communities and visitor centres to develop and implement a new, forward-thinking visitor services strategy to meet the changing needs of today's traveller. Destination BC will also work with regional and community organizations to ensure that processes are in place to create or refresh regional tourism development strategies.

Goal 3: Create a Powerful Marketing² Network: collaborate with stakeholders, partners and communities to align and focus collective efforts, amplify British Columbia's marketing message in a competitive global marketplace and use resources more effectively for destination development.

STRATEGIES	PERFORMANCE MEASURE	2013/14 ACTUAL	2014/15 FORECAST	2015/16 TARGET	2016/17 TARGET	2017/18 TARGET
Increase funding contributed to joint marketing initiatives between the BC industry and Destination BC.	Funds leveraged by Destination BC co-operative marketing programs.	\$6.9 M	\$6.9 M	\$6.9 M	\$7.25 M	\$7.5 M
Strengthen relationships with key industry stakeholders and cross-government partners.	Tourism businesses' satisfaction with Destination BC programs and services. ⁽¹⁾	6.09 (out of 10)	6.09	6.50	7.00	Improve
Work with regional and community organizations to create and implement regional tourism development strategies.	Progress on developing and implementing regional tourism development strategies.	N/A	N/A	Processes in place to develop regional strategies	Regional development strategies completed for all six regions	Implementation measure TBD ⁽²⁾

1. Tourism businesses comprise one of the six strata whose satisfaction is tracked through the corporate stakeholder survey. Scores of the other strata are reported elsewhere and used to inform corporate planning and program evaluation.

2. This measure will link with the Provincial Destination Development Framework, which is currently under development.

Data Sources: Destination BC and 3rd party independent research firm.

Discussion

A key objective of Destination BC is to increase collaboration, coordination and alignment of marketing and destination development activities across the BC tourism industry.

² The term "marketing" is used in the broad sense, including destination and product development as well as distribution and advertising and promotion.

One approach that Destination BC takes to achieve this is to use its marketing funds to leverage and align private and public sector funding. In 2015/16 Destination BC will work with communities and regional destination marketing organizations to design more streamlined, efficient and effective cooperative marketing programs for implementation in 2016/17. Targets set in the 2014/15 — 2016/17 Service Plan have been adjusted to reflect this anticipated pace of business transformation.

Secondly, Destination BC recognizes that a strategic approach to destination development is critical to ensure that all regions and communities of the province are able to take full advantage of the opportunities that tourism offers them today and in the future. Over the next two years, Destination BC will work with regional and community organizations to create regional tourism strategies to enhance tourism experiences, businesses and jobs across the province. These regional strategies will consider the unique opportunities and needs of each region and will align with the provincial destination development strategy. In addition, Destination BC will continue to work with and support the Aboriginal Tourism Association of BC (AtBC) in reaching its goals of increasing Aboriginal tourism revenues, and the number of market ready Aboriginal tourism businesses.

Destination BC will also work to promote alignment of provincial, regional, and community actions and investments, and achievement of regional and community economic priorities and needs, through a number of other activities including: sharing market intelligence and business plans, providing access to data collection and management platforms, providing access to marketing tools (such as the Canadian Tourism Commission's Explorer Quotient[®]) and proactively promoting cooperation and information sharing at all levels on a regular and ongoing basis. To ensure that these programs and activities provide value for tourism stakeholders, an independent third-party survey of tourism stakeholders is conducted at the end of each fiscal year. This survey allows Destination BC to evaluate and improve the quality of programs and services delivered and the effectiveness of communications with stakeholders.

Goal 4: Business Efficiency: conduct our business efficiently in a changing environment.

STRATEGIES	PERFORMANCE MEASURE	2013/14 ACTUAL	2014/15 FORECAST	2015/16 TARGET	2016/17 TARGET	2017/18 TARGET
Ensure cost effective provision of support services that meet business requirements.	Percentage of Destination British Columbia funds allocated to support services.	9.0% (restated from 4.6% ⁽¹⁾)	8.4%	Maintain or improve	Maintain or improve	Maintain or improve
1. In 2014/15 Shared Services BC commenced charging Destination BC for facilities and technology services (effective April 1, 2014). This charge was offset by a budget transfer from Shared Services BC to Destination BC. Actual 2013/14 expenditures have been restated to include expenditures made by Shared Services BC that year on behalf of Destination BC.						
Data Source: Destination BC Annual Financial Statements (Corporate Services).						

Discussion

Destination BC must maximize funds available for tourism marketing through innovation and the careful management of human and financial resources. Monitoring corporate support costs provides

an important indicator of cost containment, conformity to the Taxpayer Accountability Principles, and informs the business operations decisions of senior management and the Board of Directors. Support services costs are defined to include accounting operations, facilities, administration, human resources, the CEO's office and Board expenses, and are measured as a percentage of total annual expenditures. Lowering support services costs increases the funds available for tourism marketing.

Goal 5: Our People – Build a Collaborative, Insight-Driven, Results-Focused Team

STRATEGIES	PERFORMANCE MEASURE	2013/14 ACTUAL	2014/15 FORECAST	2015/16 TARGET	2016/17 TARGET	2017/18 TARGET
Attract, retain and develop highly skilled and engaged people.	Employee engagement	3.53 (out of 5)	3.75	3.90	4.00	Maintain or improve
Data Source: Annual Employee Engagement Survey executed by an independent third party research firm.						

Discussion

The long-term success of Destination BC depends on talented and engaged employees dedicated to the success of the organization and its goals. The annual evaluation of employee satisfaction and engagement assists the Board of Directors and senior management in identifying opportunities to build employee engagement and ensure the creation and maintenance of a stable and thriving workplace.

Financial Plan

Summary Financial Outlook

(\$m)	2013/14 Actual	2014/15 Forecast	2015/16 Budget	2016/17 Budget	2017/18 Budget
Total Revenue (\$000)					
Government transfers.....	48,890	50,974	50,974	50,974	50,974
Deferred government contributions.....	406	760	667	751	760
Other Revenue ⁽¹⁾	3,347	2,687	960	960	960
Total	52,643	54,421	52,601	52,685	52,694
Total Expenses (\$000)					
Marketing ⁽²⁾	25,844	27,447	31,145	31,145	31,145
Destination & Industry Development	22,220	19,627	14,336	14,336	14,336
Research, Strategy and Communications	1,152	2,011	1,893	1,893	1,893
Corporate Services ⁽³⁾	2,812	4,576	4,560	4,560	4,560
Amortization	406	760	667	751	760
Total	52,434	54,421	52,601	52,685	52,694
Net Income	209	0,000	0,000	0,000	0,000
Total Liabilities⁽⁴⁾	12,530	10,952	10,285	9,534	8,774
Accumulated Surpluses/Retained Earnings	209	209	209	209	209

Notes:

1. Reduction in Other Revenue from 2014/15 to 2015/16 is due to the sale of BC Magazine, ending the contract for the operation of the YVR Visitor Centre and reduction in publications revenue. These changes have associated expense reductions in Destination & Industry Development and Marketing.
2. From 2014/15 to 2015/16, \$3.7 M in program funding moved from Destination & Industry Development to Marketing to better align operations.
3. The increase in Corporate Services from 2013/14 to 2014/15 was primarily due to the budget transfer from Shared Services BC to Destination BC related to facilities and technology services for which Shared Services BC commenced charging Destination BC effective April 1, 2014.
4. Total liabilities in 2013/14 are from audited financial statements. Trades payable and accrued liabilities are estimated as being constant each subsequent year. Deferred revenue and deferred capital contributions are adjusted each year as they are drawn down.

Key Forecast Assumptions

Revenue and Expense forecasts budgets for 2015/16 – 2017/18 are based on conservative estimates of Other Revenue. In addition, revenue and expenditure forecasts may need to be adjusted for future years when the provincial sales tax (PST) based funding model is introduced and it is known how Destination BC taxpayer funding will be linked to industry performance.

Sensitivity Analysis

There have been no changes in assumptions from the 2014/15 – 2016/17 Service Plan. The sale of BC Magazine led to decreases in associated revenues and costs for the planning years relative to the 2014/15 – 2016/17 Service Plan. There are no substantive forecast risks to Destination BC's financial plan. Only \$0.96 M of Destination BC's revenue is generated by Destination BC's programs - mainly fees for listing on Destination BC's consumer websites. A 20% variance in listing revenue, \$0.18 M, would be managed within the budget. The main expenditure risk is due to the potential impact of exchange rate fluctuations on marketing expenditures in international markets. If this materializes it will be managed within the Marketing budget.

Management Perspective on Future Financial Outlook

A new funding model for Destination BC is currently being developed by the provincial government, in consultation with Destination BC. The intent of the model is to provide Destination BC with government transfers that are linked to a proportion of the provincial sales tax (PST) revenues collected from tourism activities. The model will also link Destination BC's funding with its own performance and the growth of BC's tourism industry. This means that Destination BC's taxpayer-funded revenues could increase (or decrease) as PST revenue generated by the tourism industry increases (or decreases). Destination BC will manage this uncertainty by implementing sound financial management practices that help ensure government funded program spending remains affordable and flexible within Destination BC's business planning.

Appendix A: Hyperlinks to Additional Information

Destination BC's corporate strategy can be found here: strategy.destinationbc.ca.

Information on Corporate governance and organizational structure and sources and explanations of performance measures can be found [here](#).

Appendix B: Subsidiaries and Operating Segments

Destination BC does not have any active or inactive subsidiaries or operating segments.